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Insurance Committee Public Hearing
February 22 2011

Connecticut Association of Health Plans

Testimony in Opposition to

- SB 923 AAC Health Insurance Coverage and Certain Cancer Screenings.
- HB 6306 AAC the Listing of Advanced Practice Registered Nurses in Managed Care Organization Provider Listings and Primary Care Provider Designations.
- HB 6310 AAC Certain Health Care Provider Network Arrangements.

The Connecticut Association of Health Plans respectfully urges the Committee's rejection of SB 923, HB 6306 and HB 6310. While every mandate under consideration by the legislature is laudable in its intent, each must be considered in the context of the larger debate on access and affordability of health care and now must also be viewed in the context of federal health care reform and the applicability of the Patient Protection and Affordable Care Act of 2010 (PPACA).

Please consider recent testimony submitted by the Department of Insurance relative to another proposed mandate under consideration which urges the Committee to understand the future financial obligations that new or additional health insurance mandates may place on the State of Connecticut and taxpayers stating that:

In simple terms, all mandated coverage beyond the required essential benefits (as will be determined by HHS) will be at the State's expense. Those costs may not be delegated to the individual purchaser of insurance or the insurer.

There are benefit mandates and then there are administrative mandates both of which add appreciable cost to the underlying premium. Both SB HB6306 and HB 6310 are administrative in nature and make specific demands on health insurers. With respect to HB 6310, we can only assume that the bill's intent is to require parity between ophthalmologists and optometrists and we would caution the legislature against setting such precedents in statute.

When considering benefit mandates, please note the unintended consequences of previous mandates that were considered or enacted by other states such as ABMT (autologous bone marrow transplant) for the treatment of breast cancer. Some states mandated its use and coverage and ABMT not only turned out to be ineffective, it was actually hastening the deaths of women. Hormone replacement therapy is another example. In some states, mandates to cover it were

considered but the clinical trials now demonstrate that it is not a panacea and not benign, and should only be used in very limited circumstances for very short durations. Legislation can never keep up with science, which is always evolving and we would caution the legislature against adopting additional mandates at this time.

Both the General Assembly and the Administration have pledged this year to address the needs of the approximately 400,000 Connecticut residents who lack health insurance coverage. As we all know, the reasons people go without insurance are wide and varied, but most certainly cost is a major component. In discussing these proposals, please also keep in mind that:

- Connecticut has approximately **49 mandates, which is the 5th highest** behind Maryland (58), Virginia (53), California (51) and Texas (50). The average number of mandates per state is 34. (OLR Report 2004-R-0277 based on info provided by the Blue Cross/Blue Shield Assoc.)
- For all mandates listed, the total cost impact reported reflects a range of **6.1% minimum to 46.3% maximum**. (OLR Report 2004-R-0277 based on info provided by the Dept. of Insurance)
- State mandated benefits are not applicable to all employers. Large employers that self-insure their employee benefit plans are not subject to mandates. **Small employers bear the brunt of the costs**. (OLR Report 2004-R-0277)
- The National Center for Policy Analysis (NCPA) estimates that **25% of the uninsured are priced out of the market by state mandates**. A study commissioned by the Health Insurance Assoc. of America (HIAA) and released in January 1999, reported that "...a fifth to a quarter of the uninsured have no coverage because of state mandates, and federal mandates are likely to have larger effects. (OLR Report 2004-R-0277)
- **Mandates increased 25-fold over the period, 1970-1996, an average annual growth rate of more than 15%**. (PriceWaterhouseCoopers: The Factors Fueling rising Healthcare Costs- April 2002)
- National statistics suggest that **for every 1% increase in premiums, 300,000 people become uninsured**. (Lewin Group Letter: 1999)
- "According to a survey released in 2002 by the Kaiser Family Foundation (KFF) and Health Research and Educational Trust (HRET), employers faced an average **12.7% increase in health insurance premiums** that year. A survey conducted by Hewitt Associates shows that employers encountered an **additional 13% to 15% increase in 2003**. The outlook is for more double-digit increases. **If premiums continue to escalate at their current rate, employers will pare down the benefits offered, shift a greater share of the cost to their employees, or be forced to stop providing coverage.**" (OLR Report 2004-R-0277)

Thank you for your consideration.